

GILLESPIE FIELD DEVELOPMENT COUNCIL
May 15, 2007

AGENDA ITEM # 7

Safari Aviation, a CA Limited Partnership
Proposed New Aviation Lease

BACKGROUND

Safari Aviation has been a presence at Gillespie Field for many years. Under two existing leases, Safari Aviation continues to conduct business as a fixed base operator at Gillespie Field, providing aircraft storage and maintenance. The oldest active Safari Aviation lease in place received approval by the County Board of Supervisors (the "Board") on September 6, 1988. Totalling 4.73 acres, it lies on the west side of Runway 17/35, and is referred to as Safari "West." This lease terminates on July 31, 2018. On August 11, 1998, the Board approved a new Aviation Lease with Safari Aviation for 5.23 acres on the east side of Runway 17/35. This lease terminates on July 31, 2028 and is referred to as Safari "East."

The separation of this fixed base operation into two leases was the result of the Lessee's difficulties in securing a loan on the "East" parcel, because the "West" parcel was encumbered by a former underground storage tank site, then undergoing remediation (now complete). Safari Aviation now proposes a new 34-year Aviation Lease which will supersede both current leases and will include redevelopment of the "West" leasehold.

PROPOSAL

Proposed New Aviation Lease for Safari Aviation (Current Contract Nos. 71101R and 75091R).

Parcel - The Premises will total 9.96 acres.

Rent – County and Safari Aviation have agreed that the starting rental rate based on the current schedule for existing leases at Gillespie Field of \$4,980.00. The contract will provide for periodic Cost of Living Adjustments and Rental Rate Renegotiations. The first Rental Rate Renegotiation will be in 2010.

Term - The new lease will commence February 1, 2008 and terminate January 31, 2042.

Required Equity – All County leases provide that the County owns the improvements at termination. Therefore, when granting leases for additional term, the proposed new leases require Lessees to pay equity to compensate County for the postponement of its reversionary interest in the existing improvements. County Staff has calculated current equity for Safari Aviation's proposed new lease at \$645,759. Safari Aviation will pay 10 percent of this amount at Lease Commencement. The balance of \$581,183 will be amortized over 15 years with monthly payments of \$5,850.86. In addition to current

equity under this lease, Safari will also pay carry-over equity from County Contract No. 75091R.

FAA Requirements - Some of the buildings on Safari Aviation's current leaseholds do not meet current Building Restriction Line (BRL) and Runway Visibility Zone (RVZ) requirements. The identified buildings must be removed by the existing termination dates of the leaseholds, on July 31, 2018 for the "West" leasehold and July 31, 2028 for the "East" leasehold.

Minimum Capital Improvements – In addition to equity, new leases typically require additional capital investment. Safari Aviation plans to redevelop Safari "West" with five (5) new box hangars totaling approximately 21,120 square feet and renovate an existing office building. They have confirmed that their minimum capital investment will exceed \$830,250 required in the proposed new lease.

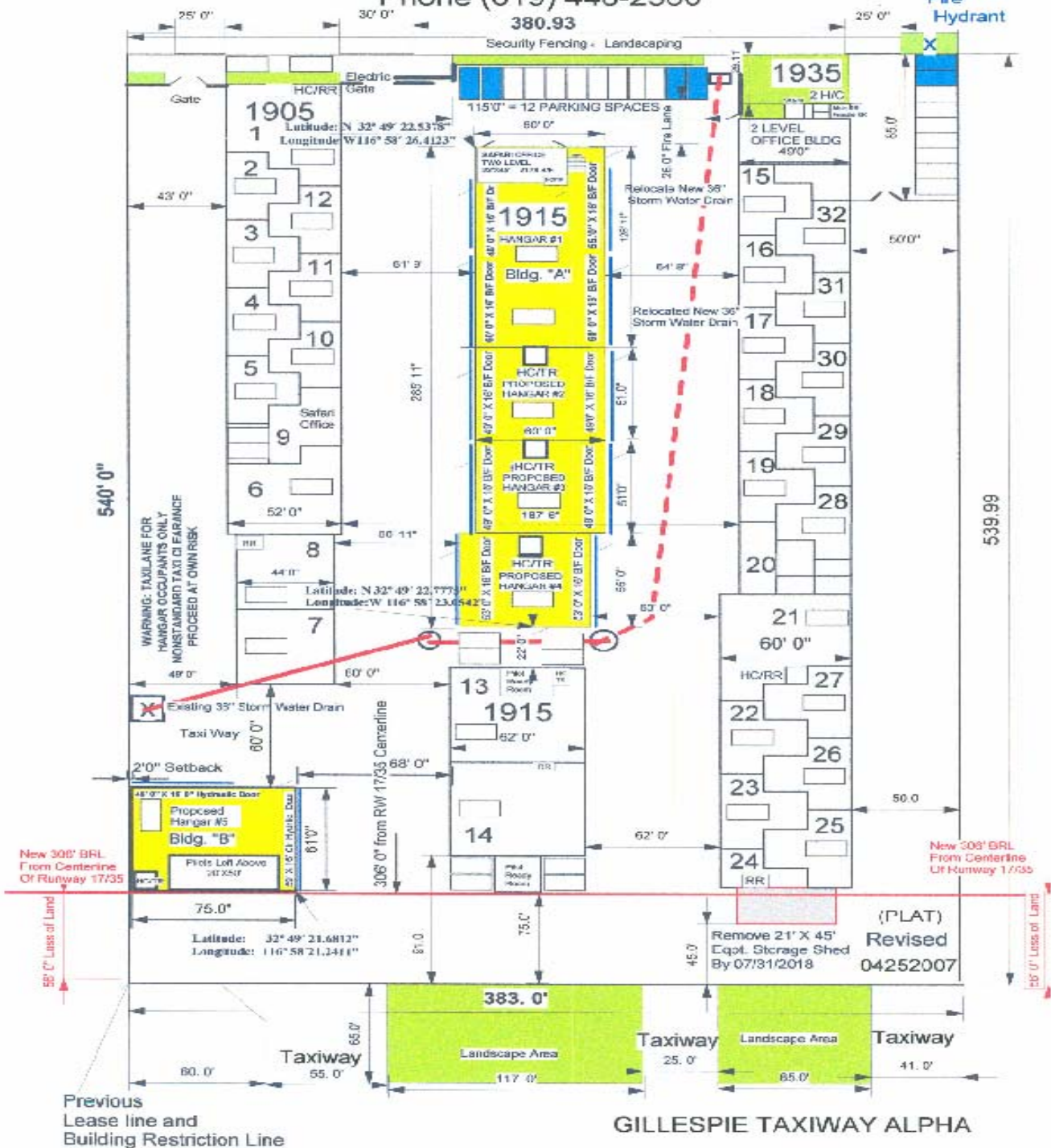
The new lease is based on the standard lease form with all changes approved by the County Counsel.

RECOMMENDED MOTION

"Gillespie Field Development Council recommends that the Board of Supervisors approve the new lease between the County of San Diego and Safari Aviation."

Actual Distance as
Surveyed May 17, 2006

Fire Hydrant



SAFARI AVIATION EAST

Business Offices Located at

1905 NO. MARSHALL AVE. EL CAJON, CA 92020

Phone (619) 448-2360 FAX (619) 448-2126

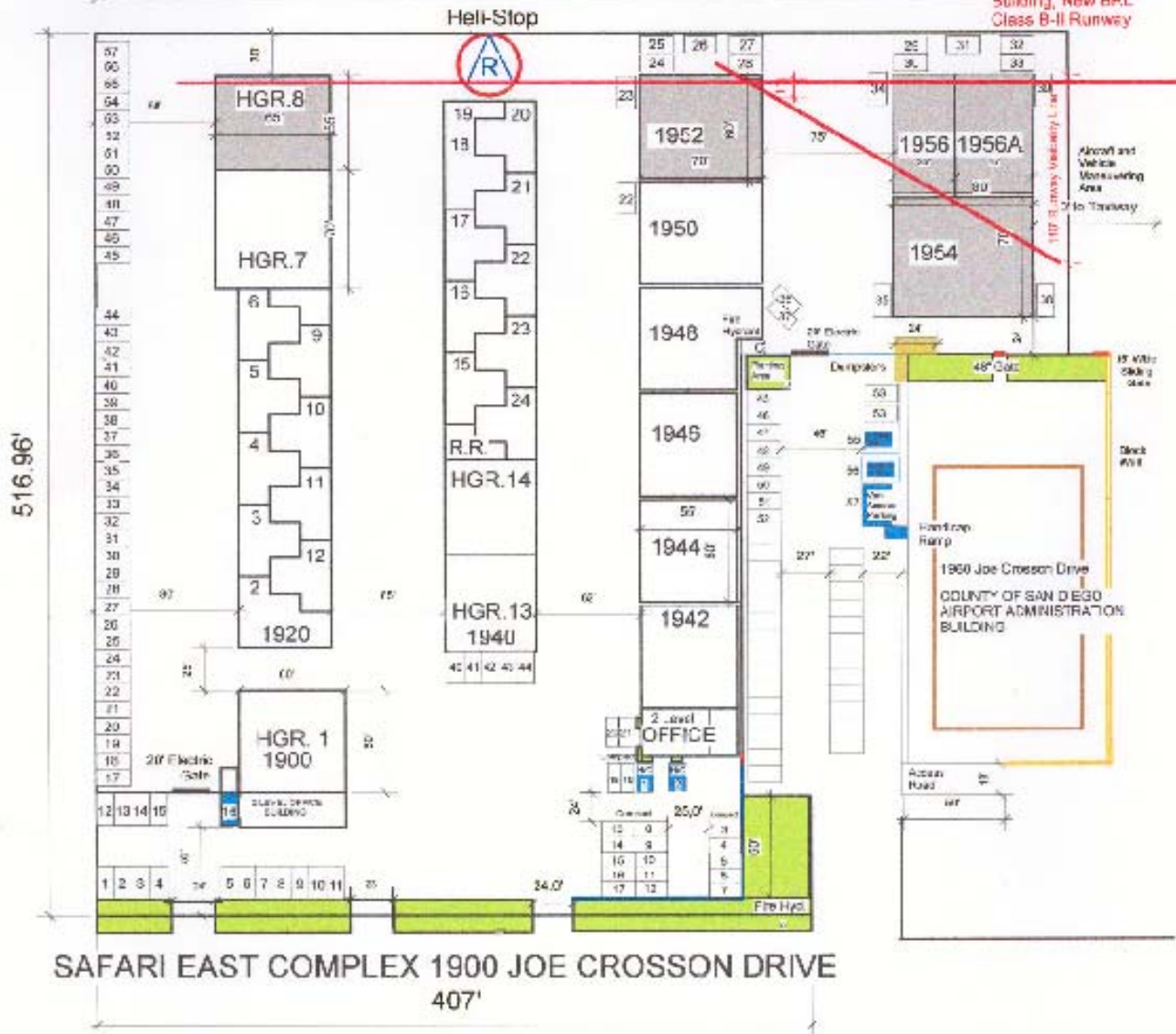
Exhibit "A"

555.22'

Aircraft and Vehicle

Maneuvering Area

Remove 5' from each
Building, New BRL
Class B-II Runway



SAFARI EAST COMPLEX 1900 JOE CROSSON DRIVE
407'

PLAT
12/1/2004